

Offshore Bank Account

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The idea of an offshore bank account often brings to mind small island banking havens, like Jersey or the Cayman Islands in the Caribbean, and very glamorous individuals who like to drop their diamonds in their secure box in their offshore bank's vault. Yet, the reality is that having an offshore savings account or an offshore bank account is within easier reach than most of us might imagine and it can be incredibly useful.

You are perfectly entitled to open an offshore bank account, even as a resident of the UK. It means that your offshore bank account is located outside your country of residence. While there are far-flung corners of the world that you could visit to open your offshore account, there are also options much closer to home, including the Channel Islands and the Isle of Man. Not part of the United Kingdom, these territories are dependencies of the British Crown and so operate under different tax legislation than the UK mainland.

It's also not true to say that it's only private banks that offer offshore accounts. Many of the UK's high street banks – including Santander – offer offshore options. This means that if you want to hold an offshore account in the UK, your options might be closer at hand than you might think.

Opening an offshore account from the UK can also be very straightforward. Rather than depositing millions, you may be able to open an account with an investment of as little as £1. Not every offshore account has such a low barrier to entry, however.

What's the point of having an offshore account from the UK?

The best offshore bank account for UK citizens will depend on what you need your account to do for you. While the UK or your home territory may retain your heart, you may wish to work or live abroad for some time or you may want to see out your retirement overseas. Working abroad may render you an expat for a period of time and an offshore account can be a sound option for your financial affairs.

Often, expats who find themselves working abroad will have their salaries paid into their account in a different currency than their native currency. It works the same way with pensions that are paid in the currency of the country that is paying the pension.

What offshore accounts do is to facilitate multi-currency banking – like the Zend multi-currency account – which means that you can receive money in one currency and pay from the account in another. One important aspect of offshore accounts is that you can avoid the hefty commission fees that would be levied on funds arriving in a native bank account. This also helps you to navigate your way around the ups and downs of the currency markets. In addition to receiving and sending payments, you can hold your funds in more than one currency at any given moment and wait until currency rates work in your favour before you decide to move them.

Added Protection

Offshore accounts are often highly regulated, which can protect your finances if you find yourself in a country which doesn't enjoy the same regulation as the UK. Although you are still liable to pay tax to HMRC and must declare interest on your savings, there can often be a delay between declaring and payment due, leaving your funds free to accrue more interest in your offshore account. You may also be able to secure a better interest rate with an offshore account too.

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